

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 9776

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E.O. 11652: N/A

TAGS: ECON, CA

SUBJ: MODERATE RISE IN APRIL CPI

REF: OTTAWA 1412

1. STATISTICS CANADA RELEASED ON MAY 12 APRIL CONSUMER PRICE INDEX SHOWING MODERATE RISE OF 0.4 PERCENT FROM MARCH. ALL ITEMS INDEX (NOT SEASONALLY ADJUSTED) WAS 146.8 IN PARIL AND 146.2 IN MARCH (1971 - 100). FOOD INDEX DECLINED FOR FIFTH CONSECUTIVE MONTH (BY 0.4 PERCENT IN PARIL TO 164.5 FROM 165.1), WHILE ALL ITEMS INDEX EXCLUDING FOOD ROSE BY 0.7 PERCENT TO 140.5 FROM 139.5.

2. IN ITS ANNOUNCEMENT, STATCAN POINTED OUT CPI RISE BETWEEN APRIL 1975 AND APRIL 1976 WAS 8.9 PERCENT, "THE LOWEST TWELVE-MONTH RISE SINCE LATE 1973".

3. INCREASE IN APRIL CPI WAS ATTRIBUTED LARGELY TO HIGHER HOMEOWNERSHIP CHARGES AND INCREASED ELECTRICITY RATES. DROP IN FOOD INDEX WAS MAINLY DUE TO LOWER MEAT PRICES, WITH BEEF AND PORK DOWN BY 2.6 PERCENT AND POULTRY PRICES DECLINED BY 3.2 PERCENT.

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4. INDICES MAKING UP CPI SHOWING INCREASES WERE:
HOUSING (UP 0.6 PERCENT), CLOTHING (UP 0.6 PERCENT),

TRANSPORTATION (UP 0.5 PERCENT), HEALTH AND PERSONAL CARE (UP 1.3 PERCENT), RECREATION (UP 0.4 PERCENT), AND TOBACCO AND ALCOHOL (UP 1.9 PERCENT). PURCHASING POWER OF 1971 CONSUMER DOLLAR WAS \$0.68 FOR APRIL.

5. ON SEASONALLY ADJUSTED BASIS, CPI ROSE 0.5 PERCENT IN APRIL, WITH FOOD INDEX DECLINING 0.1 PERCENT AND ALL ITEMS EXCLUDING FOOD INDEX UP 0.6 PERCENT.

6. IN APRIL, CURRENT ANNUAL RATE OF CHANGE IN CPI, BASED ON SEASONALLY-ADJUSTED MOVEMENT SINCE THREE MONTHS EARLIER, WAS 5.0 PERCENT, DOWN FROM 5.7 PERCENT REGISTERED IN MARCH.

7. STATCAN FIGURES ON FOOD INDEX ARE NOT COMPATIBLE WITH THOSE OF ANTI-INFLATION BOARD WHICH MONITORS RETAIL FOOD PRICES IN EIGHT MAJOR URBAN CENTERS. BOARD ANNOUNCED ON APRIL 27 THAT FOOD PRICES HAD RISEN IN APRIL BY 0.5 PERCENT AND WERE EXPECTED TO INCREASE FURTHER 3 TO 4 PERCENT OVER NEXT TWO MONTHS. STATCAN AND BOARD PROBABLY USING DIFFERENT "MARKET BASKET" ANALYSIS BUT BOARD CLAIMED DAIRY PRODUCTS INCREASED IN PRICE DUE TO APRIL GOC ACTION IN APPROVING INCREASES IN INDUSTRIAL MILK PRICES, AND STATCAN DID NOT MENTION THIS FACT IN RECENT ANNOUNCEMENT.
ENDERS

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